

REFERENCE TITLE: school finance reform

State of Arizona
House of Representatives
Forty-seventh Legislature
Second Regular Session
2006

HB 2830

Introduced by
Representatives Boone, Jones, Weiers J, Senators Bee, Bennett:
Representatives Allen J, Carpenter, Mason, Robson, Tully

AN ACT

AMENDING SECTION 15-901, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 9, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 15-901.04; AMENDING SECTIONS 15-945 AND 15-2031, ARIZONA REVISED STATUTES; RELATING TO SCHOOL FINANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-901, Arizona Revised Statutes, is amended to
3 read:

4 15-901. Definitions

5 A. In this title, unless the context otherwise requires:

6 1. "Average daily attendance" or "ADA" means actual average daily
7 attendance through the first one hundred days or two hundred days in session,
8 as applicable.

9 2. "Average daily membership" means the total enrollment of fractional
10 students and full-time students, minus withdrawals, of each school day
11 through the first one hundred days or two hundred days in session, as
12 applicable, for the current year. Withdrawals include students formally
13 withdrawn from schools and students absent for ten consecutive school days,
14 except for excused absences as identified by the department of education.
15 For computation purposes, the effective date of withdrawal shall be
16 retroactive to the last day of actual attendance of the student.

17 (a) "Fractional student" means:

18 (i) For common schools, until fiscal year 2001-2002, a preschool child
19 who is enrolled in a program for preschool children with disabilities of at
20 least three hundred sixty minutes each week or a kindergarten student at
21 least five years of age prior to January 1 of the school year and enrolled in
22 a school kindergarten program that meets at least three hundred forty-six
23 instructional hours during the minimum number of days required in a school
24 year as provided in section 15-341. In fiscal year 2001-2002, the
25 kindergarten program shall meet at least three hundred forty-eight hours. In
26 fiscal year 2002-2003, the kindergarten program shall meet at least three
27 hundred fifty hours. In fiscal year 2003-2004, the kindergarten program
28 shall meet at least three hundred fifty-two hours. In fiscal year 2004-2005,
29 the kindergarten program shall meet at least three hundred fifty-four hours.
30 In fiscal year 2005-2006 and each fiscal year thereafter, the kindergarten
31 program shall meet at least three hundred fifty-six hours. Lunch periods and
32 recess periods may not be included as part of the instructional hours unless
33 the child's individualized education program requires instruction during
34 those periods and the specific reasons for such instruction are fully
35 documented. In computing the average daily membership, preschool children
36 with disabilities and kindergarten students shall be counted as one-half of a
37 full-time student. For common schools, a part-time student is a student
38 enrolled for less than the total time for a full-time student as defined in
39 this section. A part-time common school student shall be counted as
40 one-fourth, one-half or three-fourths of a full-time student if the student
41 is enrolled in an instructional program that is at least one-fourth, one-half
42 or three-fourths of the time a full-time student is enrolled as defined in
43 subdivision (b) of this paragraph.

1 (ii) For high schools, a part-time student who is enrolled in less
2 than four subjects that count toward graduation as defined by the state board
3 of education in a recognized high school and who is taught in less than
4 twenty instructional hours per week prorated for any week with fewer than
5 five school days. A part-time high school student shall be counted as
6 one-fourth, one-half or three-fourths of a full-time student if the student
7 is enrolled in an instructional program that is at least one-fourth, one-half
8 or three-fourths of a full-time instructional program as defined in
9 subdivision (c) of this paragraph.

10 (b) "Full-time student" means:

11 (i) For common schools, a student who is at least six years of age
12 prior to January 1 of a school year, who has not graduated from the highest
13 grade taught in the school district and who is regularly enrolled in a course
14 of study required by the state board of education. Until fiscal year
15 2001-2002, first, second and third grade students, ungraded students at least
16 six, but under nine, years of age by September 1 or ungraded group B children
17 with disabilities who are at least five, but under six, years of age by
18 September 1 must be enrolled in an instructional program that meets for a
19 total of at least six hundred ninety-two hours during the minimum number of
20 days required in a school year as provided in section 15-341. In fiscal year
21 2001-2002, the program shall meet at least six hundred ninety-six hours. In
22 fiscal year 2002-2003, the program shall meet at least seven hundred
23 hours. In fiscal year 2003-2004, the program shall meet at least seven
24 hundred four hours. In fiscal year 2004-2005, the program shall meet at
25 least seven hundred eight hours. In fiscal year 2005-2006 and in each fiscal
26 year thereafter, the program shall meet at least seven hundred twelve
27 hours. Until fiscal year 2001-2002, fourth, fifth and sixth grade students
28 or ungraded students at least nine, but under twelve, years of age by
29 September 1 must be enrolled in an instructional program that meets for a
30 total of at least eight hundred sixty-five hours during the minimum number of
31 school days required in a school year as provided in section 15-341. In
32 fiscal year 2001-2002, the program shall meet at least eight hundred seventy
33 hours. In fiscal year 2002-2003, the program shall meet at least eight
34 hundred seventy-five hours. In fiscal year 2003-2004, the program shall meet
35 at least eight hundred eighty hours. In fiscal year 2004-2005, the program
36 shall meet at least eight hundred eighty-five hours. In fiscal year
37 2005-2006 and each fiscal year thereafter, the program shall meet at least
38 eight hundred ninety hours. Until fiscal year 2001-2002, seventh and eighth
39 grade students or ungraded students at least twelve, but under fourteen,
40 years of age by September 1 must be enrolled in an instructional program that
41 meets for a total of at least one thousand thirty-eight hours during the
42 minimum number of days required in a school year as provided in section
43 15-341. In fiscal year 2001-2002, the program shall meet at least one
44 thousand forty-four hours. In fiscal year 2002-2003, the program shall meet
45 at least one thousand fifty hours. In fiscal year 2003-2004, the program

1 shall meet at least one thousand fifty-six hours. In fiscal year 2004-2005,
2 the program shall meet at least one thousand sixty-two hours. In fiscal year
3 2005-2006 and each fiscal year thereafter, the program shall meet at least
4 one thousand sixty-eight hours. Lunch periods and recess periods may not be
5 included as part of the instructional hours unless the student is a child
6 with a disability and the child's individualized education program requires
7 instruction during those periods and the specific reasons for such
8 instruction are fully documented.

9 (ii) For high schools, a student not graduated from the highest grade
10 taught in the school district, or an ungraded student at least fourteen years
11 of age by September 1, and enrolled in at least a full-time instructional
12 program of subjects that count toward graduation as defined by the state
13 board of education in a recognized high school. A full-time student shall
14 not be counted more than once for computation of average daily membership.

15 (iii) For homebound or hospitalized, a student receiving at least four
16 hours of instruction per week.

17 (c) "Full-time instructional program" means:

18 (i) Through fiscal year 2000-2001, at least four subjects, each of
19 which, if taught each school day for the minimum number of days required in a
20 school year, would meet a minimum of one hundred twenty hours a year, or the
21 equivalent, or one or more subjects taught in amounts of time totaling at
22 least twenty hours per week prorated for any week with fewer than five school
23 days.

24 (ii) For fiscal year 2001-2002, an instructional program that meets at
25 least a total of seven hundred four hours during the minimum number of days
26 required and includes at least four subjects each of which, if taught each
27 school day for the minimum number of days required in a school year, would
28 meet a minimum of one hundred twenty-two hours a year, or the equivalent, or
29 one or more subjects taught in amounts of time totaling at least twenty hours
30 per week prorated for any week with fewer than five school days.

31 (iii) For fiscal year 2002-2003, an instructional program that meets
32 at least a total of seven hundred eight hours during the minimum number of
33 days required and includes at least four subjects each of which, if taught
34 each school day for the minimum number of days required in a school year,
35 would meet a minimum of one hundred twenty-two hours a year, or the
36 equivalent, or one or more subjects taught in amounts of time totaling at
37 least twenty hours per week prorated for any week with fewer than five school
38 days.

39 (iv) For fiscal year 2003-2004, an instructional program that meets at
40 least a total of seven hundred twelve hours during the minimum number of days
41 required and includes at least four subjects each of which, if taught each
42 school day for the minimum number of days required in a school year, would
43 meet a minimum of one hundred twenty-three hours a year, or the equivalent,
44 or one or more subjects taught in amounts of time totaling at least twenty
45 hours per week prorated for any week with fewer than five school days.

(v) For fiscal year 2004-2005, an instructional program that meets at least a total of seven hundred sixteen hours during the minimum number of days required and includes at least four subjects each of which, if taught each school day for the minimum number of days required in a school year, would meet a minimum of one hundred twenty-three hours a year, or the equivalent, or one or more subjects taught in amounts of time totaling at least twenty hours per week prorated for any week with fewer than five school days.

(vi) For fiscal year 2005-2006 and each fiscal year thereafter, an instructional program that meets at least a total of seven hundred twenty hours during the minimum number of days required and includes at least four subjects each of which, if taught each school day for the minimum number of days required in a school year, would meet a minimum of one hundred twenty-three hours a year, or the equivalent, or one or more subjects taught in amounts of time totaling at least twenty hours per week prorated for any week with fewer than five school days.

3. "Budget year" means the fiscal year for which the school district is budgeting and which immediately follows the current year.

4. "Common school district" means a political subdivision of this state offering instruction to students in programs for preschool children with disabilities and kindergarten programs and grades one through eight.

5. "Current year" means the fiscal year in which a school district is operating.

6. "Daily attendance" means:

(a) For common schools, days in which a pupil:

(i) Of a kindergarten program or ungraded, but not group B children with disabilities, and at least five, but under six, years of age by September 1 attends at least three-quarters of the instructional time scheduled for the day. If the total instruction time scheduled for the year is at least three hundred forty-six hours but is less than six hundred ninety-two hours such attendance shall be counted as one-half day of attendance. If the instructional time scheduled for the year is at least six hundred ninety-two hours, "daily attendance" means days in which a pupil attends at least one-half of the instructional time scheduled for the day. Such attendance shall be counted as one-half day of attendance.

(ii) Of the first, second or third grades, ungraded and at least six, but under nine, years of age by September 1 or ungraded group B children with disabilities and at least five, but under six, years of age by September 1 attends more than three-quarters of the instructional time scheduled for the day.

(iii) Of the fourth, fifth or sixth grades or ungraded and at least nine, but under twelve, years of age by September 1 attends more than three-quarters of the instructional time scheduled for the day, except as provided in section 15-797.

1 (iv) Of the seventh or eighth grades or ungraded and at least twelve,
2 but under fourteen, years of age by September 1 attends more than
3 three-quarters of the instructional time scheduled for the day, except as
4 provided in section 15-797.

5 (b) For common schools, the attendance of a pupil at three-quarters or
6 less of the instructional time scheduled for the day shall be counted as
7 follows, except as provided in section 15-797 and except that attendance for
8 a fractional student shall not exceed the pupil's fractional membership:

9 (i) If attendance for all pupils in the school is based on quarter
10 days, the attendance of a pupil shall be counted as one-fourth of a day's
11 attendance for each one-fourth of full-time instructional time attended.

12 (ii) If attendance for all pupils in the school is based on half days,
13 the attendance of at least three-quarters of the instructional time scheduled
14 for the day shall be counted as a full day's attendance and attendance at a
15 minimum of one-half but less than three-quarters of the instructional time
16 scheduled for the day equals one-half day of attendance.

17 (c) For common schools, the attendance of a preschool child with
18 disabilities shall be counted as one-fourth day's attendance for each
19 thirty-six minutes of attendance not including lunch periods and recess
20 periods, except as provided in paragraph 2, subdivision (a), item (i) of this
21 subsection for children with disabilities up to a maximum of three hundred
22 sixty minutes each week.

23 (d) For high schools or ungraded schools in which the pupil is at
24 least fourteen years of age by September 1, the attendance of a pupil shall
25 not be counted as a full day unless the pupil is actually and physically in
26 attendance and enrolled in and carrying four subjects, each of which, if
27 taught each school day for the minimum number of days required in a school
28 year, would meet a minimum of one hundred twenty hours a year, or the
29 equivalent, that count toward graduation in a recognized high school except
30 as provided in section 15-797 and subdivision (e) of this paragraph.
31 Attendance of a pupil carrying less than the load prescribed shall be
32 prorated.

33 (e) For high schools or ungraded schools in which the pupil is at
34 least fourteen years of age by September 1, the attendance of a pupil may be
35 counted as one-fourth of a day's attendance for each sixty minutes of
36 instructional time in a subject that counts toward graduation, except that
37 attendance for a pupil shall not exceed the pupil's full or fractional
38 membership.

39 (f) For homebound or hospitalized, a full day of attendance may be
40 counted for each day during a week in which the student receives at least
41 four hours of instruction.

42 (g) For school districts which maintain school for an approved
43 year-round school year operation, attendance shall be based on a computation,
44 as prescribed by the superintendent of public instruction, of the one hundred
45 eighty days' equivalency or two hundred days' equivalency, as applicable, of

1 instructional time as approved by the superintendent of public instruction
2 during which each pupil is enrolled.

3 7. "Daily route mileage" means the sum of:

4 (a) The total number of miles driven daily by all buses of a school
5 district while transporting eligible students from their residence to the
6 school of attendance and from the school of attendance to their residence on
7 scheduled routes approved by the superintendent of public instruction.

8 (b) The total number of miles driven daily on routes approved by the
9 superintendent of public instruction for which a private party, a political
10 subdivision or a common or a contract carrier is reimbursed for bringing an
11 eligible student from the place of his residence to a school transportation
12 pickup point or to the school of attendance and from the school
13 transportation scheduled return point or from the school of attendance to his
14 residence. Daily route mileage includes the total number of miles necessary
15 to drive to transport eligible students from and to their residence as
16 provided in this paragraph.

17 8. "District support level" means the base support level plus the
18 transportation support level.

19 9. "Eligible students" means:

20 (a) Students who are transported by or for a school district and who
21 qualify as full-time students or fractional students, except students for
22 whom transportation is paid by another school district or a county school
23 superintendent, and:

24 (i) For common school students, whose place of actual residence within
25 the school district is more than one mile from the school facility of
26 attendance or students who are admitted pursuant to section 15-816.01 and who
27 meet the economic eligibility requirements established under the national
28 school lunch and child nutrition acts (42 United States Code sections 1751
29 through 1785) for free or reduced price lunches and whose actual place of
30 residence outside the school district boundaries is more than one mile from
31 the school facility of attendance.

32 (ii) For high school students, whose place of actual residence within
33 the school district is more than one and one-half miles from the school
34 facility of attendance or students who are admitted pursuant to section
35 15-816.01 and who meet the economic eligibility requirements established
36 under the national school lunch and child nutrition acts (42 United States
37 Code sections 1751 through 1785) for free or reduced price lunches and whose
38 actual place of residence outside the school district boundaries is more than
39 one and one-half miles from the school facility of attendance.

40 (b) Kindergarten students, for purposes of computing the number of
41 eligible students under subdivision (a), item (i) of this paragraph, shall be
42 counted as full-time students, notwithstanding any other provision of law.

43 (c) Children with disabilities, as defined by section 15-761, who are
44 transported by or for the school district or who are admitted pursuant to
45 chapter 8, article 1.1 of this title and who qualify as full-time students or

1 fractional students regardless of location or residence within the school
2 district or children with disabilities whose transportation is required by
3 the pupil's individualized education program.

4 (d) Students whose residence is outside the school district and who
5 are transported within the school district on the same basis as students who
6 reside in the school district.

7 10. "Enrolled" or "enrollment" means when a pupil is currently
8 registered in the school district.

9 11. "GDP price deflator" means the average of the four implicit price
10 deflators for the gross domestic product reported by the United States
11 department of commerce for the four quarters of the calendar year.

12 12. "High school district" means a political subdivision of this state
13 offering instruction to students for grades nine through twelve or that
14 portion of the budget of a common school district which is allocated to
15 teaching high school subjects with permission of the state board of
16 education.

17 13. "Revenue control limit" means the base revenue control limit plus
18 the transportation revenue control limit.

19 14. "Student count" means average daily membership as prescribed in
20 this subsection for the fiscal year prior to the current year, except that
21 for the purpose of budget preparation student count means average daily
22 membership as prescribed in this subsection for the current year.

23 15. "Submit electronically" means submitted in a format and in a manner
24 prescribed by the department of education.

25 16. "Total bus mileage" means the total number of miles driven by all
26 buses of a school district during the school year.

27 17. "Total students transported" means all eligible students
28 transported from their place of residence to a school transportation pickup
29 point or to the school of attendance and from the school of attendance or
30 from the school transportation scheduled return point to their place of
31 residence.

32 18. "Unified school district" means a political subdivision of the
33 state offering instruction to students in programs for preschool children
34 with disabilities and kindergarten programs and grades one through twelve.

35 B. In this title, unless the context otherwise requires:

36 1. "Base" means the revenue level per student count specified by the
37 legislature.

38 2. "Base level" means:

39 (a) For fiscal year 2004-2005, two thousand eight hundred ninety-three
40 dollars eighteen cents.

41 (b) For fiscal year 2005-2006, three thousand one dollars.

42 (c) FOR FISCAL YEAR 2006-2007:

43 (i) THREE THOUSAND SIXTY-ONE DOLLARS TWO CENTS FOR A SCHOOL DISTRICT
44 THAT ELECTS FOR FISCAL YEAR 2006-2007 NOT TO BUDGET FOR OPTIONAL BUDGET
45 ADJUSTMENTS PURSUANT TO SECTION 15-901.04.

(ii) THREE THOUSAND TWO HUNDRED FIFTY-SIX DOLLARS NINE CENTS FOR ALL OTHER SCHOOL DISTRICTS AND FOR CHARTER SCHOOLS.

3. "Base revenue control limit" means the base revenue control limit computed as provided in section 15-944.

4. "Base support level" means the base support level as provided in section 15-943.

5. "Certified teacher" means a person who is certified as a teacher pursuant to the rules adopted by the state board of education, who renders direct and personal services to school children in the form of instruction related to the school district's educational course of study and who is paid from the maintenance and operation section of the budget.

6. "ED, MIMR, SLD, SLI and OHI" means programs for children with emotional disabilities, mild mental retardation, a specific learning disability, a speech/language impairment and other health impairments.

7. "ED-P" means programs for children with emotional disabilities who are enrolled in private special education programs as prescribed in section 15-765, subsection D, paragraph 1 or in an intensive school district program as provided in section 15-765, subsection D, paragraph 2.

8. "ELL" means English learners who do not speak English or whose native language is not English, who are not currently able to perform ordinary classroom work in English and who are enrolled in an English language education program pursuant to sections 15-751, 15-752 and 15-753.

9. "Full-time equivalent certified teacher" or "FTE certified teacher" means for a certified teacher the following:

(a) If employed full time as defined in section 15-501, 1.00.

(b) If employed less than full time, multiply 1.00 by the percentage of a full school day, or its equivalent, or a full class load, or its equivalent, for which the teacher is employed as determined by the governing board.

10. "Group A" means educational programs for career exploration, a specific learning disability, an emotional disability, mild mental retardation, remedial education, a speech/language impairment, homebound, bilingual, preschool moderate delay, preschool speech/language delay, other health impairments and gifted pupils.

11. "Group B" means educational improvements for pupils in kindergarten programs and grades one through three, educational programs for autism, a hearing impairment, moderate mental retardation, multiple disabilities, multiple disabilities with severe sensory impairment, orthopedic impairments, preschool severe delay, severe mental retardation and emotional disabilities for school age pupils enrolled in private special education programs or in school district programs for children with severe disabilities or visual impairment and English learners enrolled in a program to promote English language proficiency pursuant to section 15-752.

12. "HI" means programs for pupils with hearing impairment.

1 13. "Homebound" or "hospitalized" means a pupil who is capable of
2 profiting from academic instruction but is unable to attend school due to
3 illness, disease, accident or other health conditions, who has been examined
4 by a competent medical doctor and who is certified by that doctor as being
5 unable to attend regular classes for a period of not less than three school
6 months or a pupil who is capable of profiting from academic instruction but
7 is unable to attend school regularly due to chronic or acute health problems,
8 who has been examined by a competent medical doctor and who is certified by
9 that doctor as being unable to attend regular classes for intermittent
10 periods of time totaling three school months during a school year. The
11 medical certification shall state the general medical condition, such as
12 illness, disease or chronic health condition, that is the reason that the
13 pupil is unable to attend school. Homebound or hospitalized includes a
14 student who is unable to attend school for a period of less than three months
15 due to a pregnancy if a competent medical doctor, after an examination,
16 certifies that the student is unable to attend regular classes due to risk to
17 the pregnancy or to the student's health.

18 14. "K-3" means kindergarten programs and grades one through three.

19 15. "MD-R, A-R and SMR-R" means resource programs for pupils with
20 multiple disabilities, autism and severe mental retardation.

21 16. "MD-SC, A-SC and SMR-SC" means self-contained programs for pupils
22 with multiple disabilities, autism and severe mental retardation.

23 17. "MDSSI" means a program for pupils with multiple disabilities with
24 severe sensory impairment.

25 18. "MOMR" means programs for pupils with moderate mental retardation.

26 19. "OI-R" means a resource program for pupils with orthopedic
27 impairments.

28 20. "OI-SC" means a self-contained program for pupils with orthopedic
29 impairments.

30 21. "PSD" means preschool programs for children with disabilities as
31 provided in section 15-771.

32 22. "P-SD" means programs for children who meet the definition of
33 preschool severe delay as provided in section 15-771.

34 23. "Qualifying tax rate" means the qualifying tax rate specified in
35 section 15-971 applied to the assessed valuation used for primary property
36 taxes.

37 24. "Small isolated school district" means a school district which
38 meets all of the following:

39 (a) Has a student count of fewer than six hundred in kindergarten
40 programs and grades one through eight or grades nine through twelve.

41 (b) Contains no school which is fewer than thirty miles by the most
42 reasonable route from another school, or, if road conditions and terrain make
43 the driving slow or hazardous, fifteen miles from another school which
44 teaches one or more of the same grades and is operated by another school
45 district in this state.

1 (c) Is designated as a small isolated school district by the
2 superintendent of public instruction.

3 25. "Small school district" means a school district which meets all of
4 the following:

5 (a) Has a student count of fewer than six hundred in kindergarten
6 programs and grades one through eight or grades nine through twelve.

7 (b) Contains at least one school which is fewer than thirty miles by
8 the most reasonable route from another school which teaches one or more of
9 the same grades and is operated by another school district in this state.

10 (c) Is designated as a small school district by the superintendent of
11 public instruction.

12 26. "Transportation revenue control limit" means the transportation
13 revenue control limit computed as prescribed in section 15-946.

14 27. "Transportation support level" means the support level for pupil
15 transportation operating expenses as provided in section 15-945.

16 28. "VI" means programs for pupils with visual impairments.

17 29. "Voc. Ed." means career and technical education and vocational
18 education programs, as defined in section 15-781.

19 Sec. 2. Title 15, chapter 9, article 1, Arizona Revised Statutes, is
20 amended by adding section 15-901.04, to read:

21 15-901.04. Optional budget adjustments

22 A SCHOOL DISTRICT MAY INCORPORATE OPTIONAL ADJUSTMENTS INTO ITS BUDGET
23 IN ORDER TO QUALIFY FOR THE OPTIONAL HIGHER BASE LEVEL AMOUNT AUTHORIZED BY
24 SECTION 15-901, SUBSECTION B, PARAGRAPH 2, SUBDIVISION (c), ITEM (ii). A
25 SCHOOL DISTRICT THAT ELECTS TO INCORPORATE THESE OPTIONAL ADJUSTMENTS INTO
26 ITS BUDGET SHALL DO ALL OF THE FOLLOWING:

27 1. ELIMINATE ALL STATE AND LOCAL FUNDING FOR CAREER LADDER PROGRAMS
28 AUTHORIZED BY SECTIONS 15-918.04 AND 15-918.05.

29 2. ELIMINATE ALL STATE AND LOCAL FUNDING FOR EXCESS UTILITIES THAT IS
30 AUTHORIZED BY SECTION 15-910.

31 3. CAP ITS TRANSPORTATION REVENUE CONTROL LIMIT AT AN AMOUNT EQUAL TO
32 ITS TRANSPORTATION REVENUE CONTROL LIMIT FOR FISCAL YEAR 2005-2006 OR ONE
33 HUNDRED TWENTY-FIVE PER CENT OF ITS TRANSPORTATION SUPPORT LEVEL FOR THE
34 CURRENT FISCAL YEAR, WHICHEVER IS LESS.

35 4. BUDGET FOR BUILDING RENEWAL FUNDING UNDER THE FORMULA PRESCRIBED IN
36 SECTION 15-2031, SUBSECTION G, PARAGRAPHS 1 THROUGH 4.

37 Sec. 3. Section 15-945, Arizona Revised Statutes, is amended to read:

38 15-945. Transportation support level

39 A. The support level for to and from school for each school district
40 for the current year shall be computed as follows:

41 1. Determine the approved daily route mileage of the school district
42 for the fiscal year prior to the current year.

43 2. Multiply the figure obtained in paragraph 1 of this subsection by
44 ~~one hundred seventy-five.~~ EITHER:

(a) ONE HUNDRED SEVENTY-FIVE FOR A SCHOOL DISTRICT THAT ELECTS NOT TO INCLUDE THE OPTIONAL BUDGET ADJUSTMENTS PRESCRIBED IN SECTION 15-901.04 IN ITS BUDGET.

(b) ONE HUNDRED EIGHTY FOR ALL OTHER SCHOOL DISTRICTS.

3. Determine the number of eligible students transported in the fiscal year prior to the current year.

4. Divide the amount determined in paragraph 1 of this subsection by the amount determined in paragraph 3 of this subsection to determine the approved daily route mileage per eligible student transported.

5. Determine the classification in column 1 of this paragraph for the quotient determined in paragraph 4 of this subsection. Multiply the product obtained in paragraph 2 of this subsection by the corresponding state support level for each route mile as provided in column 2 of this paragraph.

<u>Column 1</u>	<u>Column 2</u>
Approved Daily Route Mileage per Eligible Student Transported	State Support Level per Route Mile for Fiscal Year 2005-2006
0.5 or less	\$2.15
More than 0.5 through 1.0	\$1.74
More than 1.0	\$2.15

6. Add the amount spent during the prior fiscal year for bus tokens and bus passes for students who qualify as eligible students as defined in section 15-901.

B. The support level for academic education, career and technical education, vocational education and athletic trips for each school district for the current year is computed as follows:

1. Determine the classification in column 1 of paragraph 2 of this subsection for the quotient determined in subsection A, paragraph 4 of this section.

2. Multiply the product obtained in subsection A, paragraph 5 of this section by the corresponding state support level for academic education, career and technical education, vocational education and athletic trips as provided in column 2, 3 or 4 of this paragraph, whichever is appropriate for the type of district.

<u>Column 1</u>	<u>Column 2</u>	<u>Column 3</u>	<u>Column 4</u>
Approved Daily Route Mileage per Eligible Student Transported	District Type <u>02 or 03</u>	District Type <u>04</u>	District Type <u>05</u>
0.5 or less	0.15	0.10	0.25
More than 0.5 through 1.0	0.15	0.10	0.25
More than 1.0	0.18	0.12	0.30

For the purposes of this paragraph, "district type 02" means a unified school district or an accommodation school that offers instruction in grades nine through twelve, "district type 03" means a common school district not within a high school district, "district type 04" means a common school district

1 within a high school district or an accommodation school that does not offer
2 instruction in grades nine through twelve and "district type 05" means a high
3 school district.

4 C. The support level for extended school year ~~programs~~ SERVICES for
5 pupils with disabilities is computed as follows:

6 1. Determine the sum of the following:

7 (a) The total number of miles driven by all buses of a school district
8 while transporting eligible pupils with disabilities on scheduled routes from
9 their residence to the school of attendance and from the school of attendance
10 to their residence on routes for ~~an~~ extended school year ~~program~~ SERVICES in
11 accordance with section 15-881.

12 (b) The total number of miles driven on routes approved by the
13 superintendent of public instruction for which a private party, a political
14 subdivision or a common or a contract carrier is reimbursed for bringing an
15 eligible pupil with a disability from the place of the pupil's residence to a
16 school transportation pickup point or to the school facility of attendance
17 and from the school transportation scheduled return point or from the school
18 facility to the pupil's residence for ~~an~~ extended school year ~~program~~
19 SERVICES in accordance with section 15-881.

20 2. Multiply the sum determined in paragraph 1 of this subsection by
21 the state support level for the district determined as provided in subsection
22 A, paragraph 5 of this section.

23 D. The transportation support level for each school district for the
24 current year is the sum of the support level for to and from school as
25 determined in subsection A of this section and the support level for academic
26 education, career and technical education, vocational education and athletic
27 trips as determined in subsection B of this section and the support level for
28 extended school year ~~programs~~ SERVICES for pupils with disabilities as
29 determined in subsection C of this section.

30 E. The state support level for each approved route mile, as provided
31 in subsection A, paragraph 5 of this section, shall be adjusted by the growth
32 rate prescribed by law, subject to appropriation.

33 Sec. 4. Section 15-2031, Arizona Revised Statutes, is amended to read:

34 15-2031. Building renewal fund; definitions

35 A. A building renewal fund is established consisting of monies
36 appropriated by the legislature ~~and monies credited to the fund pursuant to~~
37 ~~section 42-5030.01~~. The school facilities board shall administer the fund
38 and distribute monies to school districts for the purpose of maintaining the
39 adequacy of existing school facilities. Monies in the fund are continuously
40 appropriated and are exempt from the provisions of section 35-190 relating to
41 lapsing of appropriations.

42 B. The school facilities board shall inventory and inspect all school
43 buildings in this state in order to develop a database to administer the
44 building renewal formula. The database shall include the student capacity of
45 the building as determined by the school facilities board. The board shall

1 distribute monies from the building renewal fund to school districts in an
 2 amount computed pursuant to subsection G of this section. A school district
 3 that receives monies from the building renewal fund shall use the monies
 4 primarily for any buildings in the database developed or created under
 5 subsection D of this section and secondly for any other buildings owned by
 6 the school district for any of the following:

7 1. Major renovations and repairs of a building.
 8 2. Upgrading systems and areas that will maintain or extend the useful
 9 life of the building.

10 3. Infrastructure costs.
 11 4. Relocation and placement of portable and modular buildings.

12 C. Monies received from the building renewal fund shall not be used
 13 for any of the following purposes:

14 1. New construction.
 15 2. Remodeling interior space for aesthetic or preferential reasons.
 16 3. Exterior beautification.
 17 4. Demolition.
 18 5. The purchase of soft capital items pursuant to section 15-962,
 19 subsection D.

20 6. Routine maintenance except as provided in section 15-2002,
 21 subsection K and subsection J of this section.

22 D. The school facilities board shall maintain the building renewal
 23 database and use the database for the computation of the building renewal
 24 formula distributions. The board shall ensure that the database is updated
 25 on at least an annual basis to reflect changes in the ages and value of
 26 school buildings. The facilities listed in the database shall include only
 27 those buildings that are owned by school districts that are required to meet
 28 academic standards. Each school district shall report to the school
 29 facilities board no later than September 1 of each year the number and type
 30 of school buildings owned by the district, the square footage of each
 31 building, the age of each building, the nature of any renovations completed
 32 and the cost of any renovations completed. The school facilities board may
 33 review or audit, or both, to confirm the information submitted by a school
 34 district. The board shall adjust the age of each school facility in the
 35 database whenever a building is significantly upgraded or remodeled. The age
 36 of a building that has been significantly upgraded or remodeled shall be
 37 recomputed as follows:

38 1. Divide the cost of the renovation by the building capacity value of
 39 the building determined in subsection G, paragraph 3 of this section.

40 2. Multiply the quotient determined in paragraph 1 of this subsection
 41 by the currently listed age of the building in the database.

42 3. Subtract the product determined in paragraph 2 of this subsection
 43 from the currently listed age of the building in the database, rounded to the
 44 nearest whole number. If the result is negative, use zero.

1 E. The school facilities board shall submit an annual report to the
2 president of the senate, the speaker of the house of representatives, the
3 Arizona state library, archives and public records and the governor by
4 October 1 that includes the computation of the amount of monies to be
5 distributed from the building renewal fund for the current fiscal year. The
6 joint committee on capital review shall review the school facilities board's
7 calculation of the building renewal fund distributions. After the joint
8 committee on capital review reviews the distributions computed by the school
9 facilities board, the school facilities board shall distribute the monies
10 from the building renewal fund to school districts in two equal installments
11 in November and May of each year.

12 F. School districts that receive monies from the building renewal fund
13 shall establish a district building renewal fund and shall use the monies in
14 the district building renewal fund only for the purposes prescribed in
15 subsection B of this section. Ending cash balances in a school district's
16 building renewal fund may be used in following fiscal years for building
17 renewal pursuant to subsection B of this section. By October 15 of each
18 year, each school district shall report to the school facilities board the
19 projects funded at each school in the previous fiscal year with monies from
20 the district building renewal fund, an accounting of the monies remaining in
21 the district building renewal fund at the end of the previous fiscal year and
22 a comprehensive three year plan that details the proposed use of building
23 renewal monies. If a school district fails to submit the report by October
24 15, the school facilities board shall withhold building renewal monies from
25 the school district until the school facilities board determines that the
26 school district has complied with the reporting requirement. When the school
27 facilities board determines that the school district has complied with the
28 reporting requirement, the school facilities board shall restore the full
29 amount of withheld building renewal monies to the school district.

30 G. Notwithstanding any other provision of this chapter, if a school
31 district converts space that is listed in the database maintained pursuant to
32 this section to space that will be used for administrative purposes, the
33 school district is responsible for any costs associated with the conversion,
34 maintenance and replacement of that space. The building renewal amount for
35 each school building shall be computed as follows:

36 1. UNLESS THE SCHOOL DISTRICT ELECTS TO BUDGET FOR BUILDING RENEWAL AS
37 PROVIDED IN PARAGRAPHS 5, 6, 7 AND 8 OF THIS SUBSECTION, divide the age of
38 the building as computed pursuant to subsection D of this section by one
39 thousand two hundred seventy-five ~~or, in the case of modular or portable~~
40 ~~buildings, by two hundred ten.~~

41 2. UNLESS THE SCHOOL DISTRICT ELECTS TO BUDGET FOR BUILDING RENEWAL AS
42 PROVIDED IN PARAGRAPHS 5, 6, 7 AND 8 OF THIS SUBSECTION, multiply the
43 quotient determined in paragraph 1 of this subsection by 0.67.

3. UNLESS THE SCHOOL DISTRICT ELECTS TO BUDGET FOR BUILDING RENEWAL AS PROVIDED IN PARAGRAPHS 5, 6, 7 AND 8 OF THIS SUBSECTION, determine the building capacity value as follows:

(a) Multiply the student capacity of the building by the ~~per student square foot capacity~~ SQUARE FOOTAGE PER PUPIL REQUIREMENTS established by section ~~15-2041~~ 15-2011.

(b) Multiply the product determined in subdivision (a) by the REPLACEMENT cost per square foot established by section 15-2041. FOR THE PURPOSES OF THIS SUBDIVISION, "REPLACEMENT COST" MEANS EIGHTY-FIVE PER CENT OF THE COST PER SQUARE FOOT FOR NEW SCHOOL CONSTRUCTION FOR THE SPECIFIC GRADE CONFIGURATION PRESCRIBED IN SECTION 15-2041.

4. UNLESS THE SCHOOL DISTRICT ELECTS TO BUDGET FOR BUILDING RENEWAL AS PROVIDED IN PARAGRAPHS 5, 6, 7 AND 8 OF THIS SUBSECTION, multiply the product determined in paragraph 2 of this subsection by the product determined in paragraph 3, subdivision (b) of this subsection.

5. FOR A SCHOOL DISTRICT THAT ELECTS FOR FISCAL YEAR 2006-2007 TO BUDGET FOR BUILDING RENEWAL FUNDING BASED ON THE FORMULA PRESCRIBED BY THIS SECTION FOR FISCAL YEAR 2005-2006, DIVIDE THE AGE OF THE BUILDING AS COMPUTED PURSUANT TO SUBSECTION D OF THIS SECTION BY ONE THOUSAND TWO HUNDRED SEVENTY-FIVE OR, IN THE CASE OF MODULAR OR PORTABLE BUILDINGS, BY TWO HUNDRED TEN.

6. FOR A SCHOOL DISTRICT THAT ELECTS FOR FISCAL YEAR 2006-2007 TO BUDGET FOR BUILDING RENEWAL FUNDING BASED ON THE FORMULA PRESCRIBED BY THIS SECTION FOR FISCAL YEAR 2005-2006, MULTIPLY THE QUOTIENT DETERMINED IN PARAGRAPH 5 OF THIS SUBSECTION BY 0.67.

7. FOR A SCHOOL DISTRICT THAT ELECTS FOR FISCAL YEAR 2006-2007 TO BUDGET FOR BUILDING RENEWAL FUNDING BASED ON THE FORMULA PRESCRIBED BY THIS SECTION FOR FISCAL YEAR 2005-2006, DETERMINE THE BUILDING CAPACITY VALUE AS FOLLOWS:

(a) MULTIPLY THE STUDENT CAPACITY OF THE BUILDING BY THE PER STUDENT SQUARE FOOT CAPACITY REQUIREMENTS ESTABLISHED BY SECTION 15-2041.

(b) MULTIPLY THE PRODUCT DETERMINED IN SUBDIVISION (a) OF THIS PARAGRAPH BY THE COST PER SQUARE FOOT ESTABLISHED BY SECTION 15-2041.

8. FOR A SCHOOL DISTRICT THAT ELECTS FOR FISCAL YEAR 2006-2007 TO BUDGET FOR BUILDING RENEWAL FUNDING BASED ON THE FORMULA PRESCRIBED BY THIS SECTION FOR FISCAL YEAR 2005-2006, MULTIPLY THE PRODUCT DETERMINED IN PARAGRAPH 6 OF THIS SUBSECTION BY THE PRODUCT DETERMINED IN PARAGRAPH 7, SUBDIVISION (b) OF THIS SUBSECTION.

H. If the school facilities board determines that a school district has spent monies from the building renewal fund for purposes other than those prescribed in subsection B of this section, the school facilities board shall notify the superintendent of public instruction. Notwithstanding any other law, the superintendent of public instruction shall withhold a corresponding amount from the monies that would otherwise be due the school district under the capital outlay revenue limit until these monies are repaid.

I. Beginning on July 1, 2002, a school district is not entitled to receive monies from the building renewal fund for any buildings that are to be replaced with new buildings that are funded with deficiencies corrections monies pursuant to section 15-2021. The replacement buildings are not eligible to receive building renewal funding until the fiscal year following the completion of the building.

J. Notwithstanding subsections B and C of this section, a school district may use eight per cent of the building renewal amount computed pursuant to subsection G of this section for routine preventative maintenance. The board, after consultation with maintenance specialists in school districts, shall provide examples of recommended services that are routine preventative maintenance.

K. A school district that uses building renewal monies for routine preventative maintenance shall use the building renewal monies to supplement and not supplant expenditures from other funds for the maintenance of school buildings. The auditor general shall prescribe a method for determining compliance with the requirements of this subsection. A school district, in connection with any audit conducted by a certified public accountant, shall also contract for an independent audit to determine whether the school district used building renewal monies to reduce the school district's existing level of routine preventative maintenance funding. The auditor general may conduct discretionary reviews of a school district that is not required to contract for an independent audit.

L. EACH SCHOOL DISTRICT THAT BUDGETS FOR BUILDING RENEWAL FUNDING FOR A FISCAL YEAR PURSUANT TO SUBSECTION G, PARAGRAPHS 1, 2, 3 AND 4 OF THIS SECTION SHALL:

1. ESTABLISH A LOCAL LEVEL SCHOOL FACILITIES PREVENTATIVE MAINTENANCE FUND. MONIES IN THE LOCAL LEVEL SCHOOL FACILITIES PREVENTATIVE MAINTENANCE FUND SHALL BE USED ONLY FOR ROUTINE PREVENTATIVE SCHOOL FACILITY MAINTENANCE.

2. TRANSFER INTO THE FUND FROM ITS MAINTENANCE AND OPERATION FUND AN AMOUNT EQUAL TO AT LEAST THIRTY DOLLARS MULTIPLIED BY ITS TOTAL UNWEIGHTED AVERAGE DAILY MEMBERSHIP COUNT FROM THE PRIOR FISCAL YEAR.

~~L.~~ M. For the purposes of this section:

1. "Routine preventative maintenance" means services that are performed on a regular schedule at intervals ranging from four times a year to once every three years and that are intended to extend the useful life of a building system and reduce the need for major repairs.

2. "Student capacity" has the same meaning prescribed in section 15-2011.

Sec. 5. Optional building renewal formula for fiscal year 2006-2007

Notwithstanding section 15-2031, Arizona Revised Statutes, as amended by this act, for fiscal year 2006-2007, a school district may elect to receive funding for building renewal based on the formula prescribed by section 15-2031, subsection G, paragraphs 5, 6, 7 and 8, Arizona Revised

1 Statutes. A school district shall notify the school facilities board by
2 September 1, 2006 whether it intends to receive building renewal funding for
3 fiscal year 2006-2007 under section 15-2031, subsection G, paragraphs 5, 6, 7
4 and 8, Arizona Revised Statutes, or under section 15-2031, subsection G,
5 paragraphs 1, 2, 3 and 4, Arizona Revised Statutes.

6 Sec. 6. Base support level adjustment: excess utilities

7 For fiscal year 2006-2007 through fiscal year 2008-2009, the department
8 of education shall increase the base support level of a school district by an
9 additional amount computed as follows:

10 1. Determine the lesser of the school district's excess utilities
11 budget or excess utilities expenditures for fiscal year 2005-2006.

12 2. Determine the lesser of the school district's career ladder budget
13 or career ladder expenditures for fiscal year 2005-2006.

14 3. Add the amounts determined in paragraphs 1 and 2.

15 4. Subtract from the amount determined in paragraph 3 of an amount
16 equal to five and one-half per cent of the school district's base support
17 level for the fiscal year. If the difference is less than zero, use zero.

18 5. The amount determined in paragraph 4 is the base support level
19 adjustment required under this section.

20 Sec. 7. Nonseverability

21 If any portion of this act is finally adjudicated invalid, the entire
22 act is void.